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PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 thereunder

Washington DC 20545

REPORT FOR THE PERIOD BEGINNING July 1, 2011 AND ENDING June 30, 2012
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KENAI INVESTMENTS, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

112 SW 8th Avenue Suite 301E

(No. and Street)

Amarillo

TX

79101

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Roger Remling

806-359-3100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Edward Richardson Jr., CPA

(Name - if individual, state last, first, middle name)

15565 Northland Drive Suite 508W Southfield

MI

48075

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

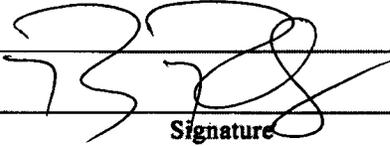
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Sub 9/12

OATH OR AFFIRMATION

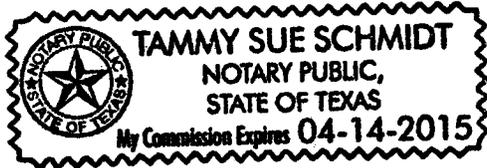
I, Roger Remling, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kenai Investments, Inc.

of June 30, 2012, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

President
Title


Notary Public



This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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AUG 29 2012

Washington DC
405

Kenai Investments, Inc.

**Financial Statements and Supplemental
Schedules Required by the
Securities and Exchange Commission**

**For the Year Ended June 30, 2012
(With Independent Auditor's Report Thereon)
and
Supplemental Report on Internal Control**

June 30, 2012

KENAI INVESTMENTS, INC.
June 30, 2012

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Edward Richardson Jr., CPA
15565 Northland Dr W Ste 508
Southfield, MI 48075
248-559-4514

Independent Auditor's Report

August 22, 2012

Board of Directors
Kenai Investments, Inc.
112 S.W. 8th Suite 301E
Amarillo, TX 79101

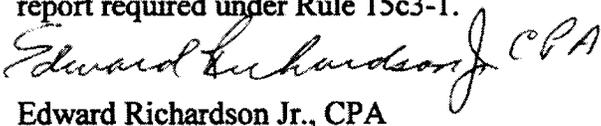
I have audited the accompanying balance sheet of Kenai Investments, Inc. , as of June 30, 2012, and the related statements of income, retained earnings, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Kenai Investments, Inc. as of June 30, 2012, and the results of its operations, retained earnings, changes in stockholders equity, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedules of computation of net capital, computation of basic net capital requirement, computation of aggregate indebtedness, exemptive provisions under rule 15c3-3, statement of changes in liabilities subordinated to the claims of general creditors, and the reconciliation of the computation of net capital under rule 15c3-1, are presented for additional analysis and are not a required part of the basic financial statements, but are supplementary information required by rule 17a-5 of the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

Further, there were no material differences in the net amount reported as Net Capital in the audited Computation of Net Capital and the broker-dealer's corresponding Unaudited Part IIA of the Focus report required under Rule 15c3-1.

Edward Richardson Jr., CPA

Kenai Investments, Inc.
BALANCE SHEET
As of June 30, 2012

ASSETS

CURRENT ASSETS

Cash in Bank	\$ 11,847.94
Cash in Bank	10,000.00
Cash in Bank	87.24
Investments	30.00
Accounts Receivable	<u>1,605.78</u>

Total Current Assets 23,570.96

PROPERTY AND EQUIPMENT

OTHER ASSETS

Deferred Income Tax Benefit	<u>2,756.00</u>
-----------------------------	-----------------

Total Other Assets 2,756.00

TOTAL ASSETS \$ 26,326.96

The footnotes are an integral part of the financial statements.

Kenai Investments, Inc.
BALANCE SHEET
As of June 30, 2012

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

LONG-TERM LIABILITIES

STOCKHOLDERS' EQUITY

Capital Stock, par value, \$.003 per share, 10,000,000 shares authorized issued and outstanding	30,000.00
Retained Earnings	(2,190.04)
Accumulated other comprehensive inco	<u>(1,483.00)</u>

Total Stockholders' Equity 26,326.96

**TOTAL LIABILITIES AND
STOCKHOLDERS' EQUITY** \$ 26,326.96

The footnotes are an integral part of the financial statements.

Kenai Investments, Inc.
STATEMENT OF INCOME

12 Months Ended

June 30, 2012

Revenues	
Commissions Earned	\$ 62,560.92
Other Income	<u>36,250.15</u>
Total Revenues	<u>98,811.07</u>
Operating Expenses	
	1,759.83
Floor brokerage, exchange, and clearance fees	
Occupancy	22,949.38
Other expenses	90,503.88
Total Operating Expenses	<u>115,213.09</u>
Operating Income (Loss)	<u>(16,402.02)</u>
Net Income (Loss)	<u>\$ (16,402.02)</u>
Other Comprehensive Income	
Unrealized Loss on marketable security	
Amount arising during the year	(1,468.00)
Less: income tax effect	<u>0.00</u>
Total Other Comprehensive Income	<u>(1,468.00)</u>
Comprehensive Income	<u>(17,870.02)</u>

The footnotes are an integral part of the financial statements.

Kenai Investments, Inc.
STATEMENT OF RETAINED EARNINGS

12 Months Ended

June 30, 2012

Beginning of Period	\$	14,211.00
Plus: Net Income	\$	(16,402.02)
Plus: Prior Period Adjustment	\$	0.98
Less: Accumulative Comprehensive Other Income		<u>(1,483.00)</u>
 RETAINED EARNINGS		
END OF PERIOD	\$	<u>(3,673.04)</u>

The footnotes are an integral part of the financial statements.

Kenai Investments, Inc.
STATEMENT OF CASH FLOWS
For the 12 months Ended June 30, 2012

2012

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ (17,870.02)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Prior Period Adjustment	0.98
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Investments	1,468.00
Accounts Receivable	(1,605.78)
Other	3,400.00
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	<u>(937.00)</u>
Total Adjustments	<u>2,326.20</u>
Net Cash Provided By (Used in) Operating Activities	(15,543.82)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds From Sale of Fixed Assets	<u>0.00</u>
Net Cash Provided By (Used in) Investing Activities	0.00

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds From Sale of Stock	0.00
Treasury Stock	<u>0.00</u>
Net Cash Provided By (Used in) Financing Activities	<u>0.00</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(15,543.82)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

37,479.00

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 21,935.18

The footnotes are an integral part of the financial statements.

KENAI INVESTMENTS, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Common Stock		Paid-in Capital		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Amount		Amount
Balance at July 1, 2011	10,000,000	\$ 30,000	10,000,000	\$ -	-	\$ -	\$ 14,211	\$ (15)	\$ 44,196
Net Income	-	-	-	-	-	-	(16,402)	(1,468)	(17,870)
Capital Transactions	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	1	-	1
Balance at June 30, 2012	<u>10,000,000</u>	<u>\$ 30,000</u>	<u>10,000,000</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (2,190)</u>	<u>\$ (1,483)</u>	<u>\$ 26,327</u>

The footnotes are an integral part of the financial statements.

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A – SUMMARY OF ACCOUNTING POLICIES

Accounting principles followed by the Company and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:

Organization

Kenai Investments, Inc. (the Company) was incorporated in the State of Texas effective February 3, 2003. The Company has adopted a calendar year.

Description of Business

The Company, located in Dallas, Texas, is a broker and dealer in securities registered with the Securities and Exchanges Commission (“SEC”) and is a member of FINRA. The Company operates under SEC Rule 15c3-3(k)(2)(ii), which provides that all funds and securities belonging to the Company’s customers are held by a clearing broker-dealer.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Company considers as cash all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Recognition of Bad Debt

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition

Commission revenues are recorded by the Company on the settlement date reported by the clearing firm through submitted commission statements.

Depreciation

The Company records equipment at cost. Improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts and any gain or loss is included in operations. Depreciation is calculated using the double declining method.

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Financial instruments that are subject to fair value disclosure requirements are carried in the financial statements at amount that approximate fair value and include cash and cash equivalents. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

Comprehensive Income

Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes requirements for disclosure of Comprehensive Income that includes certain items previously not included in the statement of income, including unrealized gains and losses on available-for-sales securities and foreign currency translation adjustment among others. During the year ended June 30, 2012, the Company did have any components of Comprehensive Income to report.

Concentrations

The Company has revenue concentrations; the company specializing in sales of securities.

NOTE B – NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

The net capital computation per the audited report included a change in haircuts of \$210.50.; the net effect of these changes caused a material in difference in reported net capital. Other than these changes, there were no material inadequacies found to exist or found to have existed since the date of the previous audit.

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE D – RELATED PARTY TRANSACTIONS

The Company leases office space from its sole shareholder on a month-to-month basis. During the fiscal year 2012, the Company paid \$12,000.00 under this arrangement.

NOTE E – POSSESSION OR CONTROL REQUIREMENTS

The Company does not have any possession or control of customer’s funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of SEC Rule 15c-3-3(k)(2)(ii) by promptly transmitting all customer funds or securities to the clearing broker who carries the customer accounts.

NOTE F – OTHER COMMITMENTS AND CONTINGENCIES

Included in the Company’s clearing agreement with its clearing broker-dealer is an indemnification clause. This clause relates to instances where the Company’s customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. At June 30, 2012, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware of any potential losses relating to this indemnification.

NOTE G – MARKETABLE SECURITIES

The Company’s marketable securities are recorded at fair value. The fair value of the marketable securities is based on the quoted market price, \$30.00.

NOTE H – ACCOUNTS RECEIVABLE

The amount, \$1,605.78, is due from the clearing broker, Sterne Agee.

NOTE I – DEFERRED INCOME TAXES

Deferred income tax expense results from temporary differences in the recognition of revenues and expenses for tax and financial reporting purposes. The sources of these differences and the tax effect of each are as follows:

	2011
Tax benefit:	
Unrealized losses	\$ 3
Capital loss carryforward	2,753
Net operating loss forward	-
Total Net Deferred Income Tax Benefit	\$ 2,756

See accountant’s audit report

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE J – ADVERTISING

The advertising expense for the year was \$940.73; the entire amount was expensed as incurred.

NOTE K – LEASES

The company leases various types of office equipment, the amount expenses for the year was \$8,673.26.

NOTE L – FAIR VALUE MEASUREMENTS

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent weaknesses in any estimated technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the company could have realized in a sales transaction on the dates indicative. The estimated fair value amounts have been measured as of their respective periods ends, and have not been revaluated or updated for purposes of these financial subsequent to those respective period ends, and have not been revaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison between the Company's disclosure and those of other companies may not be meaningful. The following methods and assumptions were used to estimating the fair values of the Company's financial instruments at June 30, 2012. There have been no significant changes in methodology for estimating fair value of the Company's financial instruments since June 30, 2012.

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as flows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs quoted other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

See accountant's audit report

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Determination of Fair Value

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Company bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs developing fair value measurements, in accordance with the fair value hierarchy. Fair Value measurable for assets and liabilities where there exists limited or no observable market data and, therefore, are based upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at Fair Value Measurements Topic of the FASB Accounting Standards Codification).

Cash and cash equivalents

The carrying amount amounts of cash and cash equivalents approximate their fair value because of the short maturity of these instruments.

Accounts Receivable

The carrying amounts of accounts receivable approximate its fair value because of the short maturity of these instruments.

Investments in equity securities

Investments in equity securities that are classified as available for sale are recorded at fair value on a recurring basis. When quoted market prices are unobservable, management uses quotes from independent pricing vendors based on independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating and other credit loss assumptions. The pricing vendors may provide the Company with valuations that are based on unobservable inputs, and in those circumstances the Company would classify the fair value measurements of the investment securities as Level 3. Management conducted a review of its pricing vendor to validate that the inputs used in that vendor pricing process are deemed to be market observable or unobservable as defined in the standard. Based on the review performed, management believes that the valuations used in its financial statements are reasonable and are approximately classified in the fair value hierarchy.

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market	\$ 0	\$ -	\$ -	\$ 0
Securities Owned	30	-	-	30
Coins Owned	-	0	-	0
Total	\$ 30	\$ 0	\$ -	\$ 30

Fair values of assets measured on a recurring basis at June 30, 2012 are as follows:

	Fair value at Reporting Date Using	
	Fair Value	Quoted Price in Active markets for Identical Assets (Level 1)
June 30, 2012		
Money Market	\$ 0	\$ 0
Marketable Securities	30	30
Coins	0	0
Total	\$ 30	\$ 30

Fair values for short-term investments and long-term investments are determined by reference to quoted market prices and other relevant information generated by market transactions. There was no income reported from these investments.

The carrying amounts reflected in the balance sheet for cash, money market funds, and marketable securities approximate the respective fair values due to the short maturities of those instruments. Available-for-sale marketable securities are recorded at fair value in the balance sheet. A comparison of the carrying value of those financial instruments is as follows:

	Fair value at Reporting Date Using	
	Carrying Value	Fair Value
June 30, 2012		
Money Market	\$ 0	\$ 0
Marketable Securities	30	30
Coins	0	0
Total	\$ 30	\$ 30

Cost and fair value of money market funds and marketable securities at June 30, 2012 are as follows:

See accountant's audit report

KENAI INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value
<u>June 30, 2012</u>				
Held to Maturity:				
Money Market	\$ 0.00	0.00	0.00	\$ 0.00
Marketable Securities	<u>30.00</u>			<u>30.00</u>
Totals	<u>\$ 30.00</u>	<u>0.00</u>	<u>0.00</u>	<u>\$ 30.00</u>

The fair value of money market funds and market securities have been measured on a recurring basis using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes in valuation techniques and related inputs.

Supplementary Information

Supplementary
Pursuant to rule 17a-5 of the
Securities and Exchange Act of 1934
As of and for the Year Ended June 30, 2012

See accountant's audit report

Kenia Investments, Inc.
Supplemental Schedules Required by Rule 17a-5
As of and for the year ended June 30, 2012

Computation of Net Capital

Total Stockholder's equity:		\$ 26,326.96
Nonallowable assets:		
Other Assets	2,756.00	
Accounts receivable – other	0.00	(2,756.00)
Other Charges		
Haircuts	15.00	
Other Securities	0.00	(15.00)
Net allowable capital		\$ 23,555.96

Computation of Basic Net Capital Requirement

Minimum net capital required as a percentage of aggregate indebtedness		\$ <u>0.00</u>
Minimum dollar net capital requirement of reporting broker or dealer		\$ <u>5,000.00</u>
Net capital requirement		\$ <u>5,000.00</u>
Excess net capital		\$ <u>18,555.96</u>

Computation of Aggregate Indebtedness

Total Aggregate Indebtedness		\$ <u>0.00</u>
Percentage of aggregate indebtedness to net capital		<u>0%</u>

Reconciliation of the Computation of Net Capital Under Rule 15c3-1

Computation of Net Capital reported on FOCUS IIA as of June 30, 2012		\$ 21,750.00
Adjustments:		
Change in Equity (Adjustments)		1,605.96
Change in Non-Allowable Assets		(0.00)
Change in Haircuts		200.00
Change in Undue Concentration		(0.00)
NCC per Audit		23,555.96
Reconciled Difference		\$ (0.00)

Kenai Investments, Inc.
Supplemental Schedules Required by Rule 17a-5
As of and for the year ended June 30, 2012

Exemptive Provisions Rule 15c3-3

The Company is exempt from Rule 15c3-3 because all customer transactions are cleared through another broker-dealer on a fully disclosed basis. The name of the clearing firm is Sterne Agee.

Statement of Changes in Liabilities Subordinated to the Claims of General Creditors

Balance of such claims at July 1, 2011	\$ -
Additions	-
Reductions	-
Balance of such claims at June 30, 2012	<u>\$ -</u>

REPORT ON INTERNAL CONTROL

For the year ended June 30, 2012

Edward Richardson, Jr., CPA
15565 Northland Suite 508 West
Southfield, MI. 48075

August 22, 2012

Board of Directors
Kenai Investments, Inc.
112 S.W. 8th, Suite 301E
Amarillo, TX 79101

In planning and performing my audit of the financial statements and supplemental schedules of Kenai Investments, Inc. for the year ended June 30, 2012, I considered its internal control, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the company, including tests of such practices and procedures that I considered relevant to the objective stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control, and the practices and procedures referred to the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the SEC's above mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance, that assets for which the Company has responsibility are safeguarded against loss from unauthorized use of disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraphs.

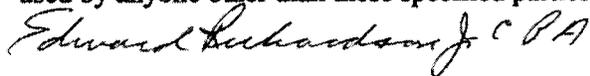
Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection or any evaluation of them

to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted the following condition that I consider to be a material weakness as defined above.

Only one person is responsible for all accounting and reporting functions. Accordingly, there is no segregation of duties. Due to the size of the Company, management does not feel it is cost-effective to change this condition.

I understand that practices and procedures that accomplish the objectives referred to in the preceding paragraphs of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and my study, I believe that the Company's practices and procedures were adequate at June 30, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and the regulatory agencies that rely on rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be, and should not be, used by anyone other than these specified parties.



Edward Richardson, Jr., CPA